

**Exhibit 300 (BY2008)**

PART ONE	
OVERVIEW	
1. Date of Submission:	2006-11-07
2. Agency:	015
3. Bureau:	45
4. Investment Name:	Appeals Automated Environment (AAE)
5. UPI:	015-45-01-14-01-2239-00
6. What kind of investment will this be in FY2008?	
Mixed Life Cycle	
7. What was the first budget year this investment was submitted to OMB?	
FY2004	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>The Appeals Automated Environment (AAE) is a mission critical fully integrated office automation environment that provides nationwide information technology (IT) equipment, services and support to enable the core business activities of the IRS Appeals organization. AAE is a combination of technology and people. The "technology" component of AAE includes one primary application, the Appeals Centralized Database System (ACDS), and two minor applications, AcuServ and ABCs. ACDS provides case management capabilities as well as timekeeping and reports generation functionality. The "people" component of AAE is comprised of the Appeals Information Systems Office (AISO), a geographically dispersed staff of Government FTEs providing seat management, applications development and information technology systems services, equipment and support to Appeals end-users. AAE is largely an Operations and Maintenance project with limited DME costs related to necessary, but minor enhancements and change requests that are almost exclusively designed, developed and delivered in-house using existing Government FTEs. AAE has historically operated within 10% of budget, since its inception in 1980. While AAE continues to provide adequate functionality for Appeals, the system is likely nearing the end of its technical and functional capacity and is not yet targeted for replacement as part of the agency's larger modernization effort. An alternatives analysis is scheduled to be completed in FY 2007 to identify options for enhancing, rebuilding and/or replacing the system with one that is a more robust electronic government solution supportive of the President's Management Agenda and aligned with the agency's mission and goals, Enterprise Architecture and larger modernization efforts. Without AAE, the mission of the Appeals organization would be severely crippled. Appeals is a Congressionally mandated function of the IRS and it serves as a fair and impartial administrative forum for any taxpayer contesting an IRS compliance action. It is the last opportunity for taxpayers and the Government to resolve tax disputes prior to litigation. The operations and maintenance costs for AAE include infrastructure, hardware, software, and support costs. The values are adjusted for inflation in accordance with agency and OMB guidelines. An administrative re-baseline request was approved to accommodate unanticipated fluctuations in labor and infrastructure costs for FY05 through FY08. An additional request has since been submitted to correct errors on the first submission and to address FY 08 and beyond.</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
Yes	
9.a. If "yes," what was the date of this approval?	
08-09-2006	
10. Did the Project Manager review this Exhibit?	
Yes	
11. Project Manager Name:	
Que T. Vu	
Project Manager Phone:	
202-435-5672	
Project Manager Email:	
<a href="mailto:Que.T.Vu@irs.gov">Que.T.Vu@irs.gov</a>	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for	

this project.	
Yes	
12.a. Will this investment include electronic assets (including computers)?	
Yes	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
No	
13. Does this investment support one of the PMA initiatives?	
N/A	
If yes, select the initiatives that apply:	
N/A	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
The information used by the Appeals Centralized Database System (ACDS) enhances the performance of Appeals. Without this valuable asset, greater worker knowledge would be required for assigning and tracking cases. This would introduce more processing errors; require a larger case processing work force; and increase the amount of time it takes to place a case in the hands of an Appeals or Settlement Officer. Therefore employee and Taxpayer satisfaction would be greatly reduced.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
No	
14.a. If yes, does this investment address a weakness found during the PART review?	
N/A	
15. Is this investment for information technology (See section 53 for definition)?	
Yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
Yes	
19. Is this a financial management system?	
No	
19.a. If yes, does this investment address a FFMIA compliance area?	
N/A	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	15
Software	1
Services	1
Other	83
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
Yes	
22. Contact information of individual responsible for privacy related questions.	
Name	
Jeanne M. Wilson	
Phone Number	

202 435-5675

Title

Senior Management and Program Analyst/E-300 Project Lead

Email

Jeanne.M.Wilson@irs.gov

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

Yes

### SUMMARY OF SPENDING

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	1.080	0.000	0.000
Acquisition Budgetary Resources	2.630	0.000	0.000
Maintenance Budgetary Resources	14.050	2.806	2.729
Government FTE Cost	31.390	10.285	12.088
# of FTEs	91	91	92

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

### PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
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1	2005	Manage the U.S. Government's Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform application of the law.	Improve Appeals' efficiency in resolving tax disputes by closing 104,574 cases.	The Appeals case closure baseline is set at the FY 2005 total number of case closures (102,597 cases).	A case is considered closed when it is closed on Appeals Centralized Database System (ACDS). Cases are counted monthly (cumulative) and annually.	In FY 2005, the number of cases closed was determined by querying the Appeals Centralized Database System.
2	2005	Treasury Strategic Goal: Collect revenue due to the Federal Government. IRS Strategic Goal: Provide top quality service to all taxpayers through fair and uniform application of the law.	Increase productivity by improving Appeals' closure to receipt ratio. Based on the number of cases that Appeals projects to receive this fiscal year, improve closure-to-receipt ratio to 106%.	The Appeals baseline measure is set at the FY 2004	The Appeals baseline measure is set at the FY 2004 closure-to-receipt ratio of 105%.	In FY 2005, the ratio was determined by dividing the # of Appeals cases closed (numerator) by the # of Appeals cases received (denominator), according to the Appeals Centralized Database System. Ratio will be computed monthly (cumulative) & annually.
3	2005	Manage the U.S. Government's Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform application of ...	Improve customer satisfaction by increasing the percent of customer satisfied with the service they receive. Reduction in cycle time, Appeals Quality goal, will contribute to an increase in customer satisfaction.	Appeals increased the customer satisfaction baseline from 48% to 54%. This increase was coordinated with CFO	The level of satisfaction with Appeals services is measured by the percent of customers who gave ratings of 4 & 5 on a scale of 1 to 5. Results of independently administered Appeals customer sat. surveys are provided annually & semi-annually.	In FY 2005, 61% of Appeals customers reported that they were satisfied with the service they received in Appeals.
4	2006	Manage the U.S. Government's Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform	In FY 2006, Appeals is planning to improve its tax resolution efficiency by 4% over the existing FY 2005 baseline (closing 106,403 cases).	The Appeals case closure baseline is set at the FY 2005 total number of case closures (102,597 cases).	A case is considered closed when it is closed on the Appeals Centralized Database System. Cases are counted monthly (cumulative) and annually.	As of 04/30/2006, Appeals has closed a total of 56,516 cases.

		application				
5	2006	Treasury Strategic Goal: Collect revenue due to the Federal Government. IRS Strategic Goal: Provide top quality service to all taxpayers through fair and uniform application of the law.	In FY 2006, Appeals is planning to improve its productivity by reducing existing caseload inventory, leading to an increase in its closure-to-receipt ratio to 105% (106,403 closures to 101,649 receipts).	The Appeals baseline measure is set at the FY 2005 closure-to-receipt ratio of 103%.	This ratio will be determined by dividing the number of Appeals cases closed (numerator) by the number of Appeals cases received (denominator). Ratio will be computed monthly (cumulative) and annually.	As of 04/30/2006, the Appeals closure-to-receipt ratio was 102% (56,516 closures to 55,639 receipts).
6	2006	Manage the U.S. Government's Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform application ...	In FY 2006, Appeals plans to improve its customer satisfaction score by 1% (to 62%).	The Appeals customer satisfaction baseline is set at the FY 2005 score (61%).	The level of satisfaction with Appeals services is measured by the percent of customers who gave ratings of 4 & 5 on a scale of 1 to 5. Results of independently administered customer satisfaction surveys are provided annually & semi-annually.	As of 12/31/2005, 57% of Appeals customers reported that they were satisfied with the service they received in Appeals.
7	2007	Manage the U.S. Government's Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform application ...	In FY 2007, Appeals is planning to improve its tax resolution efficiency by 1% over the existing FY 2006 baseline (closing 107,467 cases).	The Appeals case closure baseline is set at the FY 2006 total number of case closures (106,403 cases).	A case is considered closed when it is closed on the Appeals Centralized Database System. Cases are counted monthly (cumulative) and annually.	
8	2007	Treasury Strategic Goal: Collect revenue due to the Federal Government. IRS Strategic Goal: Provide top quality service to all taxpayers through fair and uniform application of the law.	In FY 2007, Appeals is planning to improve its productivity by reducing existing caseload inventory, leading to an increase in its closure-to-receipt ratio to 105% (107,467 closures to 102,665 receipts).	The Appeals baseline measure is set at the FY 2005 closure-to-receipt ratio of 103%.	This ratio will be determined by dividing the number of Appeals cases closed (numerator) by the number of Appeals cases received (denominator). Ratio will be computed monthly (cumulative) and annually.	
9	2007	Manage the U.S. Government's	In FY 2007, Appeals plans to	The Appeals customer	The level of satisfaction with	

		Finances Effectively. Identify & correct all substantive errors in filed tax returns, reporting of income, & payment of taxes. Provide top quality service to all taxpayers through fair & uniform application ...	improve its customer satisfaction score by 1% (to 63%).	satisfaction baseline is set at the FY 2005 score (61%).	Appeals services is measured by the percent of customers who gave ratings of 4 & 5 on a scale of 1 to 5. Results of independently administered customer satisfaction survey are provided annually & semi-annually.	
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All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov).

Table 2

	Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
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## EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

Not yet – It is in the Agency's As-Built Architecture and we are working to get it into the Target Architecture.

2. Is this investment included in the agency's EA Transition Strategy?

Yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

Appeals Automated Environment

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component	Agency Component	Service Type	Component	Reused Component	Reused UPI	Internal or	Funding %
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	Name	Description			Name		External Reuse?	
1	System Resource Monitoring	Appeals Information Systems Office (AISO). i.e. our IS support) monitors system usage	Systems Management	System Resource Monitoring			No Reuse	1
2	License Management	AISO manages licenses for ACDS, file servers and web services.	Systems Management	License Management			No Reuse	0
3	Access Control	AISO has procedures for granting access to the Appeals Domain and ACDS AISO has procedures for user management	Security Management	Access Control			No Reuse	4
4	Identification & Authentication	ACDS requires Ident. and Authentication upon log-in. ACDS has verification capabilities of its users	Security Management	Identification and Authentication			No Reuse	1
5	Audit Trail Capture & Analysis	ACDS captures and logs which user accesses what systems and accounts.	Security Management	Audit Trail Capture and Analysis			No Reuse	1
6	Forms Creation	AISO creates forms which is output for ACDS users and Taxpayers.	Forms Management	Forms Creation			No Reuse	3
7	Forms Modification	AISO modifies forms used by ACDS.	Forms Management	Forms Modification			No Reuse	3
8	Document Library	AISO maintains a Document library for ACDS and the Appeals Network	Collaboration	Document Library			No Reuse	0
9	Case Management	Appeals uses this system for tracking and workflow related to taxpayer cases in Appeals jurisdiction.	Tracking and Workflow	Case Management			No Reuse	42

10	Classification	ACDS supports a search capability.	Search	Classification			No Reuse	1
11	Query	ACDS supports a search capability and the Appeals Web-page has a search capability	Search	Query			No Reuse	1
12	Pattern Matching	ACDS supports a search capability.	Search	Pattern Matching			No Reuse	1
13	Data Mining	ACDS performs a type of Data Mining necessary for the Appeals customer	Knowledge Discovery	Data Mining			No Reuse	3
14	Decision Support & Planning	ACDS performs decision support planning by providing Appeals Management with data on the number and type of cases Appeals' is processing.	Business Intelligence	Decision Support and Planning			No Reuse	2
15	Demand Forecasting/MGMT	ACDS performs decision support planning by providing Appeals Management with data on the number and type of cases Appeals' is processing.	Business Intelligence	Demand Forecasting / Mgmt			No Reuse	2
16	Data Classification	AISO creates data classifications based on its software development	Data Management	Data Classification			No Reuse	8
17	Data Recovery	AISO warehouses and recovers data from ACDS	Data Management	Data Recovery			No Reuse	4
18	Loading and Archiving	AISO loads and extracts data into and from ACDS	Data Management	Loading and Archiving			No Reuse	2

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas,



*Categories, Standards, and Service Specifications supporting this IT investment.*

*FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.*

*Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.*

	<b>SRM Component</b>	<b>Service Area</b>	<b>Service Category</b>	<b>Service Standard</b>	<b>Service Specification (i.e., vendor and product name)</b>
1	System Resource Monitoring	Service Platform and Infrastructure	Delivery Servers	Application Servers	In-house developed software and COTS software
2	Data Recovery	Service Platform and Infrastructure	Database / Storage	Storage	Veritas Backup Exec
3	Decision Support and Planning	Service Platform and Infrastructure	Delivery Servers	Application Servers	In-house developed software
4	Query	Service Platform and Infrastructure	Delivery Servers	Web Servers	Microsoft IIS 5.0
5	Query	Service Platform and Infrastructure	Delivery Servers	Portal Servers	Microsoft IIS 5.0
6	Demand Forecasting / Mgmt	Service Platform and Infrastructure	Hardware / Infrastructure	Embedded Technology Devices	In-house developed software
7	License Management	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	In-house developed software, policy and ITAMS asset center
8	Access Control	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	In-house developed software and COTS software
9	Document Library	Service Platform and Infrastructure	Hardware / Infrastructure	Servers / Computers	Borland Star Team
10	Loading and Archiving	Service Platform and Infrastructure	Hardware / Infrastructure	Peripherals	Dell Autoloader and Single Tape backup units
11	Audit Trail Capture and Analysis	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	In-house developed software and COTS software
12	Forms Creation	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	In-house developed software, Adobe and Word
13	Forms Modification	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	In-house developed software, Adobe and Word
14	Classification	Service Platform and Infrastructure	Delivery Servers	Web Servers	In-house developed software, SQL server and Microsoft IIS 5.0
15	Pattern Matching	Service Platform and Infrastructure	Delivery Servers	Web Servers	In-house developed software, SQL Server and Microsoft IIS 5.0
16	Precision / Recall Ranking	Service Platform and Infrastructure	Delivery Servers	Web Servers	In-house developed software, SQL Server and Microsoft IIS 5.0
17	Data Mining	Service Platform and Infrastructure	Database / Storage	Database	Microsoft SQL Server and in-house developed software
18	Data Integration	Service Interface and Integration	Integration	Enterprise Application Integration	Informatica PowerCenter
19	Data Integration	Service Interface and Integration	Integration	Middleware	Informatica PowerCenter

20	Data Integration	Service Interface and Integration	Interface	Service Description / Interface	Informatica PowerCenter
21	Data Classification	Service Interface and Integration	Interoperability	Data Format / Classification	In-house developed
22	Data Classification	Service Interface and Integration	Interoperability	Data Types / Validation	Computer Associated ERWIN
23	Case Management	Service Platform and Infrastructure	Database / Storage	Database	MS/SQL Database server & custom code

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

No

5.a. If yes, please describe.

No. Appeals is an inherently government operation with sensitive taxpayer information that cannot be shared across Government systems. We have supported e-gov by placing an Appeals application form on the public IRS web-site.

6. Does this investment provide the public with access to a government automated information system?

No

**PART TWO**

**RISK**

*You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.*

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

Yes

1.a. If yes, what is the date of the plan?

11-15-2006

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

No

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

The life cycle costs are risk adjusted.

**COST & SCHEDULE**

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

Yes

2.c. What is the actual cost of work performed (AC)?

0.232

What costs are included in the reported Cost/Schedule Performance information?

Government Only

2.e. As of date:

12-31-2006

8. Have any significant changes been made to the baseline during the past fiscal year?

Yes